

HB 855

HD1, SD1

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 855, H.D. 1, S.D. 1

MARCH 30, 2011

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST PACIFIC POWER AND WATER COMPANY, INC., IN THE DEVELOPMENT
OF HYDROPOWER FACILITIES IN HAWAII

House Bill No. 855, H.D. 1, S.D. 1, authorizes the issuance of up to \$25,000,000 in special purpose revenue bonds to assist Pacific Power and Water Company, Inc., with the planning, permitting, designing, constructing, equipping and operating of hydropower plants at locations throughout Hawaii pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department has a technical comment on this bill. Under Section 144 of the Internal Revenue Code of 1986, as amended, tax exempt financing for industrial projects may be limited to \$10 million. The Department staff met with representatives of PPWC and they stated that they have consulted with a bond counsel firm and believe that their project is eligible for the \$25,000,000 of special purpose revenue bond financing.

Please note that Senate Standing Committee Report No. 179 required PPWC to obtain a statement from the Department that we have reviewed their business plan and financial statements. The Department has requested that PPWC submit this information to the Department so that we can provide the required statement.